

Kentucky Agricultural Finance Corporation

Minutes of the October 4, 2013 Meeting

The meeting of the Kentucky Agricultural Finance Corporation Board was held on Friday, October 4, 2013 at 10:03 a.m. EDT at Transportation Cabinet Office Building, 200 Mero, Frankfort, KY. Steve Kelly, designee for Commissioner Comer, presiding, called the meeting to order.

Notification of Press

Mr. Kelly received verification that the media had been notified regarding the Kentucky Agricultural Finance Corporation (KAFC) monthly meeting.

Roll Call

Members Present

Steve Kelly (designee for Commissioner Comer, Westy Adams, Kenny Burdine, Wayne Hunt, Tom Midkiff (designee for Secretary Flanery), Joel Oney, Frank Penn

Members Absent

George Begley, Larry Jagers, Doug Lawson, Frank McAninch

Others Present

Staff – Biff Baker, Sandra Gardner, Cyndi Hall, Bill McCloskey, Brian Murphy

Guests – Lowell Atchley and Kelly Ludwig, Legislative Research Commission (LRC); Randy Marcum, Cabbage, Inc.

Review and Approval of Minutes

Frank Penn moved to approve the minutes of the September 6, 2013 meeting of the KAFC Board of Directors; Kenny Burdine seconded the motion. *The motion passed without dissent.*

Reports

Director of Financial Services Report

Mr. Kelly called on Bill McCloskey to give the Director of Financial Services Report.

Mr. McCloskey reported that Roger Thomas was unable to attend the meeting.

Mr. McCloskey reported to the board regarding the various meetings/events held and attended since the last board meeting.

KAFC Statement of Financial Position		
(as of 9/30/2013)		
Assets		
Cash KAFC Accounts*	\$	6,772,489
Loan Payments Due KAFC		
Category A	\$	31,681,823
Category B	\$	187,500
Category C	\$	-
	\$	31,869,323
Total Assets	\$	38,641,813
Liabilities		
KAFC loans approved not closed	\$	4,285,595
Loan Payments to be collected	\$	31,869,323
Total Liabilities	\$	36,154,918
Unobligated Assets*	\$	2,486,894
Total Liabilities & Unobligated Assets	\$	38,641,813

*Includes \$2M authorized, unissued

Wayne Hunt moved to approve the financial report; Westy Adams seconded the motion.
The motion passed without dissent.

Mr. McCloskey presented a Memorandum regarding Cabbage, Inc. (AF09-0041). At the December 4, 2009 board meeting the KAFC approved Cabbage Inc. for \$405,000 loan to purchase the Owensboro Vegetable Processing facility located in Daviess County. Cabbage Inc. has met the requirements to date by renting the facility to Kentucky farmers specifically to pack, cool and ship mini watermelons for a California based company. Cabbage Inc. has requested modification to loan agreement for years 2013 – 2019 to reduce acreage of 100 acres of purchased product and 200 acres of products that growers will cool through the operation. According to Randy Marcum with Cabbage Inc. it will be difficult to meet acre requirements this year and going forward due in part to favorable grain prices and a Farm Bill that discourages growers from taking land from their grain base to grow vegetables. Cabbage Inc. has paid as agreed. The interest rate will remain at 3.25% for the life of the loan. Current balance is \$279,508.47. Staff recommends approving the request. **Mr. Hunt moved to approve the modification to the loan agreement with Cabbage, Inc.;** Dr. Burdine seconded the motion. *The motion passed without dissent.*

New Business

The following applications were received between August 25, 2013 and September 13, 2013.

Agricultural Infrastructure Loan Program - Discussion and Action

AF13-0051 Mattingly, William and Susan– Applicants requested \$35,000 for the construction of a barn in Marion County. Central Kentucky AgCredit in Lebanon is the participating lender. **Mr. Penn moved to approve AF13-0051, based on staff's recommendation, pending fund availability;** Joel Oney seconded the motion. *The motion passed without dissent.*

AF13-0052 **Graves, Kenny** – Applicant requested \$15,000 for the construction of a 10,000 bushel grain bin in Washington County. Central Kentucky AgCredit in Lebanon is the participating lender. Staff recommended loan approval. This loan was approved by staff (09/19/2013) based upon loan size and credit score per Agricultural Infrastructure Loan Program policy adopted June 24, 2005.

AF13-0053 **Clements, Patrick and Rita** – Applicants requested \$125,000 for the construction of a grain bin in Washington County. Central Kentucky AgCredit in Lebanon is the participating lender. **Dr. Burdine moved to approve AF13-0053, based on staff's recommendation, pending fund availability;** Mr. Oney seconded the motion. *The motion passed without dissent.*

AF13-0054 **Blair, William "Bud"** – Applicant requested \$50,000 for the construction of a shop and hay storage facility in Washington County. Central Kentucky AgCredit in Lebanon is the participating lender. Staff recommended loan approval. This loan was approved by staff (09/19/2013) based upon loan size and credit score per Agricultural Infrastructure Loan Program policy adopted June 24, 2005.

AF13-0055 **Hardin, William "Todd" and Jill** – Applicants requested \$17,500 for the construction of a 15,000 bushel grain bin in Marion County. Central Kentucky AgCredit in Lebanon is the participating lender. **Dr. Burdine moved to approve AF13-0055, based on staff's recommendation, pending fund availability;** Mr. Oney seconded the motion. *The motion passed without dissent.*

AF13-0056 **Wade, Bruce and Charissa** – Applicants requested \$108,500 for the construction of a two (2) 50,000 bushel grain bins and a 2004 Sukup dryer in Marion County. Farm Credit Mid-America in Danville is the participating lender. Staff recommended loan approval. **Mr. Hunt moved to approve AF13-0056, based on staff's recommendation, pending fund availability;** Mr. Adams seconded the motion. *The motion passed without dissent.* Joel Oney abstained.

AF13-0057 **Seay, James Dale and Denise** – Applicants requested \$10,839.50 for the installation of solar panels in Christian County. United Southern Bank in Crofton is the participating lender. Staff recommended loan approval. This loan was approved by staff (09/19/2013) based upon loan size and credit score per Agricultural Infrastructure Loan Program policy adopted June 24, 2005.

AF13-0058 **White, Lonnie** – Applicant requested \$19,994.50 for the installation of solar panels in Warren County. Farm Credit Mid-America in Warren is the participating lender. Staff recommended loan approval. This loan was approved by staff (09/19/2013) based upon loan size and credit score per Agricultural Infrastructure Loan Program policy adopted June 24, 2005.

Old Business

Withdrawal – No Action Necessary


AF12-0032 Farrar, Michael (AILP)

Closing Remarks

The next meeting of the KAFC Board will be Tuesday, October 29, 2013 at the Sloan Convention Center in Bowling Green, KY. The regular business meeting of KAFC will begin at 1:00 p.m. CDT.

Mr. Hunt moved to adjourn; Mr. Penn seconded the motion. *The motion passed without dissent.* The meeting adjourned at **10:55** a.m. EDT.

APPROVED: 10-28-2013

PRESIDING OFFICER: 
James Comer

SECRETARY: 
Cyndi Hall